

CALReUSE

CALIFORNIA RECYCLE UNDERUTILIZED SITES PROGRAM

Remediation Program Funded by Proposition 1C

Frequently Asked Questions

as of October 3, 2008

1. What is the CALReUSE Remediation Program?

The California Recycle Underutilized Sites Programs assist with the reuse and redevelopment of underutilized properties with real or perceived Hazardous Material contamination issues (brownfields). CALReUSE offers two programs under its umbrella, one for financing brownfield site assessment and the other to finance brownfield cleanup.

Remediation Program

The CALReUSE Remediation Program is funded by Proposition 1C, The Housing and Emergency Shelter Trust Fund Act of 2006 (structured by Sections 8090, 8102-8102.15 of the [Regulations](#)). The Program finances brownfield cleanup that promotes infill residential and mixed-use development, consistent with regional and local land use plans. Grants and Loans are available up to \$5 million for eligible projects. More information about this Program can be found [here](#).

2. How do I apply for funding?

CPCFA uses a collaborative approach of engaging Strategic Partners to assist in administering CALReUSE. By statute CPCFA is authorized to work in conjunction with public and private sector entities, including but not limited to cities, counties, school districts, redevelopment agencies, financial institutions, and for-profit and non-profit development entities. Contamination issues add complexity to project developments, Strategic Partners have a demonstrated understanding of the development process; the environmental assessment process, remediation, the regulatory process, and loan and grant administration. Historically, Strategic Partners have predominantly been local governments; and a non-profit entity has served as the CALReUSE Statewide Strategic Partner.

There are two Statewide Strategic Partners and two Local Strategic Partners under the Remediation Program; their contact information can be found [here](#). Strategic Partners review, score, and recommend Applications to the Authority Board for financing consideration. The Authority's [Board](#) will determine financial awards and amounts. CPCFA retains final decision-making authority for entering into Grants and Loans and approving all reimbursement requests.

To apply for funding, contact a Strategic Partner or CALReUSE staff at (916) 654-5610 or calreuse@treasurer.ca.gov.

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3. How do I obtain an Application?

See No. 2 above. The Authority does not require the use of a specific application form; however, the information required for an application to be complete is identified in the [Regulations](#) under Section 8102.2 for the Remediation Program. Strategic Partners may provide applications upon request.

4. How is an application reviewed and granted?

Under the Remediation Program, Strategic Partners review and score Applications (Section 8102.14 of the Regulations) and make recommendations to the Authority for financing. The Strategic Partner will notify the Applicant within 45 days upon receiving a completed Application whether the Application will be recommended to the Authority or denied and the reasons for any denial. A Strategic Partner must submit its recommended projects 30 days prior to a [regularly scheduled](#) monthly board meeting for consideration. Financing will be offered on a rolling basis as long as funds are available.

5. How do I appeal the denial of an application?

Please contact the Strategic Partner you have been working with or CALReUSE staff if you have any questions regarding your application.

6. How is the Remediation Program funded? How much money will be distributed to projects?

In November 2006 voters approved Proposition 1C, the Housing and Emergency Shelter Trust Fund Act, which set aside \$2.85 billion for housing in California. In 2007, the Legislature allocated \$60 million of these monies to CALReUSE for the purpose of *brownfield cleanup that promotes infill residential and mixed-used development, consistent with regional and local land use plans* (SB 86, 2007). Staff conservatively estimates that approximately \$50 to \$55 million of these monies will finance specific projects.

7. Has the Authority set aside a specific amount of funding to be awarded as Grants? As Loans?

Of the funds available for projects, the Authority has not set aside a specific amount of money to be distributed as Grants or Loans.

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8. Does utilization of these funds trigger prevailing wage for an applicant's project?

No. Use of these funds in and of itself does not trigger prevailing wage.

9. How will the acceptance of these funds affect a project funded by the California Tax Allocation Committee? (CTCAC)

There is no simple response to this question. The Authority recommends that Applicants who anticipate applying for both the CALReUSE Remediation Program Grants and CTCAC financing refer to their legal counsel on this issue. Anecdotally, if awarded funds are used on the property (dirty dirt) it should not affect CTCAC basis. If awarded funds are used to mitigate environmental issues with the building or other improvements, such as a vapor barrier, operation and maintenance system, or podium foundation, then it will affect the tax credit basis. Awards are allowed in a Grant/Loan combination.

Again, this question is best answered by the Applicant's legal counsel.

10. What is a Priority Development Area [Scoring Criteria, Section 8102.14(c)]?

This term is used to enable the necessary flexibility to accommodate various local governments and regional council of governments' terms, processes, and priorities. As described in the application instructions, the term is clarified to mean "an area that has been targeted by a local government entity or regional government council for a specific growth and development plan within an existing or emerging city center or community that emphasizes the creation of residential space that accesses public transportation."

11. How does an Applicant show proof the project is in a Priority Development Area?

Proof that a project is in a Priority Development Area can be shown through an official written document of a specific legal jurisdiction or a letter from an authorized decision-maker denoting that the project is in a Priority Development Area. CPCFA staff will contact the signatory and confirm the contents of the letter.

12. Does the Program finance the cleanup of lead and asbestos?

Yes. The funding of lead and asbestos clean up qualifies as eligible costs under the Program. Applications or projects must meet all other threshold criteria of the Program: obtain a Cleanup Plan for the Hazardous Material; have an identified Oversight Agency for the Cleanup Plan; and the Oversight Agency must agree and be willing to 1) approve the Cleanup Plan and 2) submit a letter informing CPCFA that the remedial work was

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conducted appropriately. All Oversight Agencies will be confirmed by CPCFA staff. In the case of Applications without a "typical" Oversight Agency for "hazardous material" (e.g. DTSC, Regional Water Board, CUPA), the Oversight Agency will be contacted by the Authority and asked to confirm it is willing to be the Oversight Agency and perform the duties as described in the Regulations. If the "Oversight Agency" identified in the Application is not willing to carry out the duties required in the Regulation, the Application will not be complete, and the project will not be eligible for financing consideration. The goal is to ensure Applicants will be able to comply with the Regulations and to avoid unnecessary defaults under the program.

13. Does the Program finance the remediation/abatement of mold?

No. The remediation and abatement of mold is not an eligible cost under the Program.

14. How current does a letter of support need to be (Scoring Criteria, Section 8102.14)?

The Authority would prefer letters that are current. Dated letters will be accepted, however, CPCFA staff will confirm the support of the signatory if the letter is particularly outdated.

15. Can a Responsible Party be eligible to receive a Grant?

A Responsible Party as defined by 42 U.S.C. Section 9607(a)(2), 9607(a)(3) and 9607(a)(4) can be eligible to receive a Loan, but not a Grant under the Program.

16. Can CALReUSE funds be used to reimburse costs incurred prior to applying for funding?

No. The Program cannot reimburse costs accrued prior to applying for funds. However, if the Board decides to fund a project, CALReUSE funds can be used to reimburse Eligible Brownfield Infill Project Costs from the date the Infill Application was deemed "complete" by the Strategic Partner.

17. How will Projects/Applications be evaluated by the Authority?

The Authority will consider the following criteria in its decision to allocate and approve funding for an Infill Application: the availability of Program funds; Program priority as identified in Section 8102.4 (e); public benefits, including but not limited to those evaluated pursuant to Section 8102.14; and the geographic distribution targets as identified in Section 8102.15.

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18. Can these funds be used to pay back a CALReUSE Assessment Loan?

No. The programs are financed through separate funding sources. The Authority may allow this at some point in the future.

19. If my project is awarded, how do I obtain the financing?

First, Applicants must continue to meet Program criteria thresholds, and Grant Agreements and Loan Agreements must be executed (Section 8102.7). Loan and Grant Agreements are developed by the Authority, and provisions are not negotiable.

Disbursements of the financial award are made in arrears; the Borrower or Grantee accrues the cost and bundles receipts into a disbursement request. Disbursement requests cannot be made more frequently than once a month. The Borrower or Grantee shall sign and submit an invoice documenting the services or procedures performed from entities providing services covered by the Loan or Grant Agreement.

Upon receipt of the signed invoice, review, and a determination of eligible costs, the Strategic Partner will recommend payment of the invoice and submit it to the Authority. The Authority will conduct its due diligence and cause the disbursement of funds.

Disbursement requests should be submitted 60-90 days prior to the date the Borrower or Grantee anticipates needing the funds.

20. How will CPCFA calculate the tie breaker provision within the Scoring Criteria (section 8102.14(h) of the regulations)? (New as of 10/3/2008)

Based on the existing regulations the tie-breaker calculation will be based on the total costs of the Cleanup Plan for the Brownfield Infill Project divided by the number of housing units created or promoted by the Infill Development Project. Priority will be given to the projects with the lowest cost per unit.

21. How do I contact staff at CALReUSE?

There are several ways to reach CALReUSE Staff –

Via mail or in person:	Deana Carrillo, Program Manager CALReUSE California Pollution Control Financing Authority 915 Capitol Mall, Room 457
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